

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Boyne Valley Township	County* CHARLEVOIX	Type* TOWNSHIP	MuniCode* 15-1-020
Opinion Date-Use Calendar* Aug 15, 2008	Audit Submitted-Use Calendar* Sep 4, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ ☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts Issued by the Department of Treasury?
- ☒ ☐ 5. Did the local unit adopt a budget for all required funds?
- ☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ ☐ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ ☐ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ ☐ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ ☐ 18. Are there reported deficiencies? ☒ 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 282,849.00
General Fund Expenditure:	<input type="checkbox"/> \$ 364,117.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 168,857.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 273,673.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* James	Last Name* Cusenza	Ten Digit License Number* 1101012888		
CPA Street Address* 923 Spring Street	City* Petoskey	State* MI	Zip Code* 49770	Telephone* +1 (231) 347-4136
CPA Firm Name* Hill, Schroderus & Co., LLP	Unit's Street Address* 2489 Railroad Street	Unit's City* Boyne Falls	Unit's Zip* 49713	

**FINANCIAL REPORT
BOYNE VALLEY TOWNSHIP
March 31, 2008**

BOYNE VALLEY TOWNSHIP
FINANCIAL REPORT
March 31, 2008

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Hill • Schroderus & Co., LLP
Certified Public Accountants & Consultants

August 15, 2008

Independent Auditors' Report

Township Board
Boyne Valley Township
Charlevoix County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Boyne Valley Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boyne Valley Township, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Boyne Valley Township has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined to supplement, although not required to be part of, the basic financial statements.

Hill Schroderus & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

BOYNE VALLEY TOWNSHIP
Statement of Net Assets
March 31, 2008

<u>Assets</u>	<u>Governmental Activities</u>
Current Assets	
Cash	\$ 714,687
Receivables:	
Taxes	49,246
Accounts (net)	30,710
Due from Fiduciary Fund	11,152
Receivable from other governments	9,079
Prepaid expenses	21,902
	<hr/>
Total current assets	836,776
	<hr/>
Noncurrent Assets	
Capital assets	1,539,534
Less: accumulated depreciation	(592,041)
	<hr/>
Total noncurrent assets	947,493
	<hr/>
Total assets	\$ 1,784,269
	<hr/> <hr/>
 <u>Liabilities and Net Assets</u>	
Current Liabilities	
Accounts payable	\$ 19,871
Capital leases payable, due within one year	61,311
	<hr/>
Total current liabilities	81,182
	<hr/>
Noncurrent Liabilities	
Capital leases payable	212,362
	<hr/>
Total liabilities	293,544
	<hr/>
Net Assets	
Invested in capital assets, net of related debt	673,820
Restricted for capital projects	34,331
Unrestricted	782,574
	<hr/>
Total net assets	1,490,725
	<hr/>
Total liabilities and net assets	\$ 1,784,269
	<hr/> <hr/>

BOYNE VALLEY TOWNSHIP
Statement of Activities
Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 113,522	\$ 6,825	\$ -	\$ 106,697
Public safety	105,979	-	4,517	101,462
Public Works	142,846	-	3,416	139,430
Health and welfare	89,810	68,240	1,980	19,590
Community economic development	15,344	1,015	-	14,329
Interest on long-term debt	4,921	-	-	4,921
Unallocated depreciation	86,033	-	-	86,033
 Total governmental activities	 \$ 558,455	 \$ 76,080	 \$ 9,913	 472,462
 General Revenues:				
Property taxes				614,491
State-shared revenues				57,792
Interest and rentals				18,054
Gain (loss) on sale of capital assets				(1,200)
Miscellaneous				10,350
 Total general revenues				 699,487
 Change in net assets				 227,025
 Net assets - beginning of year				 1,263,700
 Net assets - end of year				 \$ 1,490,725

BOYNE VALLEY TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2008

	<u>Assets</u>							Total Governmental Funds
	General	Fire Operations	Cemetery	Ambulance	Liquor	Transfer Station	Fire Station and Land	
Cash	\$ 136,774	\$ 39,354	\$ 16,790	\$ 292,214	\$ 9,846	\$ 185,378	\$ 34,331	\$ 714,687
Taxes receivable	15,356	12,370	-	12,390	-	9,130	-	49,246
Accounts receivable (net)	-	-	-	30,710	-	-	-	30,710
Due from Fiduciary Fund	11,152	-	-	-	-	-	-	11,152
Receivable from other governments	9,079	-	-	-	-	-	-	9,079
Total assets	<u>\$ 172,361</u>	<u>\$ 51,724</u>	<u>\$ 16,790</u>	<u>\$ 335,314</u>	<u>\$ 9,846</u>	<u>\$ 194,508</u>	<u>\$ 34,331</u>	<u>\$ 814,874</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 3,504	\$ 1,845	\$ -	\$ 12,165	\$ -	\$ 2,357	\$ -	\$ 19,871
Fund balances:								
Reserved for capital projects	-	-	-	-	-	-	34,331	34,331
Unreserved	168,857	49,879	16,790	323,149	9,846	192,151	-	760,672
Total fund balances	<u>168,857</u>	<u>49,879</u>	<u>16,790</u>	<u>323,149</u>	<u>9,846</u>	<u>192,151</u>	<u>34,331</u>	<u>795,003</u>
Total liabilities and fund balances	<u>\$ 172,361</u>	<u>\$ 51,724</u>	<u>\$ 16,790</u>	<u>\$ 335,314</u>	<u>\$ 9,846</u>	<u>\$ 194,508</u>	<u>\$ 34,331</u>	<u>\$ 814,874</u>

See accompanying notes to the basic financial statements.

BOYNE VALLEY TOWNSHIP
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
March 31, 2008

Total Fund Balances - Governmental Funds	\$	795,003
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Amounts reported for governmental activities in the statement
of net assets are different because:

Governmental funds report capital outlay as expenditures. However,
in the statement of net assets, these assets are capitalized and depreciated
over their estimated useful lives.

Governmental capital assets		1,539,534
Accumulated depreciation		(592,041)

Prepaid insurance costs are not available for current period expenditures and therefore are not reported in the governmental funds.		21,902
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Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the governmental funds.		(273,673)
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Total Net Assets of Governmental Activities	\$	1,490,725
		<hr/> <hr/>

BOYNE VALLEY TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended March 31, 2008

	General	Fire Operations	Cemetery	Ambulance	Liquor	Transfer Station	Fire Station and Land	Total Governmental Funds
Revenues:								
Taxes	\$ 206,139	\$ 148,496	\$ -	\$ 148,517	\$ -	\$ 111,339	\$ -	\$ 614,491
State revenue	61,208	-	-	-	4,517	-	-	65,725
Charges for service	7,015	-	825	68,240	-	-	-	76,080
Interest	6,687	665	661	3,988	297	3,834	1,922	18,054
Other	1,800	9,364	276	1,980	-	1,310	-	14,730
Total revenues	282,849	158,525	1,762	222,725	4,814	116,483	1,922	789,080
Expenditures:								
Current:								
General government	105,343	-	8,179	-	-	-	-	113,522
Public safety	-	100,197	-	-	5,782	-	-	105,979
Public works	79,992	-	-	-	-	62,854	-	142,846
Health and welfare	-	-	-	89,810	-	-	-	89,810
Community and economic development	15,344	-	-	-	-	-	-	15,344
Capital outlay	163,438	296,709	-	10,621	-	-	20,185	490,953
Debt service	-	28,187	-	22,677	-	-	-	50,864
Total expenditures	364,117	425,093	8,179	123,108	5,782	62,854	20,185	1,009,318
Net change in fund balances	(81,268)	(266,568)	(6,417)	99,617	(968)	53,629	(18,263)	(220,238)
Fund balances-beginning of year	250,125	316,447	23,207	223,532	10,814	138,522	52,594	1,015,241
Fund balances-end of year	\$ 168,857	\$ 49,879	\$ 16,790	\$ 323,149	\$ 9,846	\$ 192,151	\$ 34,331	\$ 795,003

See accompanying notes to the basic financial statements.

BOYNE VALLEY TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	(220,238)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation.

Expenditures for capital assets		490,953
Current year depreciation		(86,033)
Net book value of capital assets sold		(3,600)

Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal paid on long-term debt.

		45,943
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Change in Net Assets of Governmental Activities	\$	227,025
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BOYNE VALLEY TOWNSHIP
Statement of Fiduciary Net Assets
March 31, 2008

	<u>Agency Tax Fund</u>
Assets	
Cash	\$ <u>11,152</u>
Liabilities	
Due to General Fund	\$ <u>11,152</u>

BOYNE VALLEY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under a Board-Supervisor form of government and provides the following services as authorized by common law: public safety (fire), public improvements, sanitation, ambulance, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by Boyne Valley Township:

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by GASB No. 14, and amended by GASBS No. 39. GASBS 14 states that the primary basis for determining whether outside agencies and organizations should be considered component units of the Township and included in the Township's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The Township has no component units.

BASIC FINANCIAL STATEMENTS – OVERVIEW

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and the fund financial statements categorize primary government activities as governmental.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. The government-wide focus is more on operational efficiency, the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS – CONTINUED

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which includes charges for services, operating grants and capital grants.

The program revenues must be directly associated with the function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The focus of the fund financial statement is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis in the fund financial statements is on the major funds in the governmental type category. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of the governmental and proprietary funds) for the determination of major funds.

Governmental Funds

The following is a description of the major governmental funds of the Township:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS — FUND FINANCIAL STATEMENTS – CONTINUED

Fiduciary Fund

Fiduciary funds are used to account for assets held by the Township in a trustee or agent capacity. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds use the accrual basis of accounting, which reports only assets and liabilities. The following is a description of the fiduciary fund maintained by the Township.

Agency Fund – The Agency Fund accounts for the collection and payment of property tax levies.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred.

The agency fund is accounted for using the full accrual basis of accounting. The Township's agency fund records liabilities when property taxes are received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned, as long as they are both available and measurable. Revenues are available when received within the current period or within 60 days after year-end. Expenditures are recorded in the accounting period in which the liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand and demand deposits.

Accounts Receivable

Accounts receivable of \$30,710 are reported net of an allowance of \$0 as \$30,710. These receivables are from ambulance services. Those receivables over 120 days past due were written off prior to year-end.

Interfund Receivables/Payables

Outstanding balances between funds are reported as "due to/from" other funds on the balance sheet of the fund financial statements and as "internal balances" on the Statement of Net Assets of the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and equipment, are reported in the applicable governmental activities column in the government-wide financial statements.

Capital assets are recorded by the Township when the initial individual costs are equal to or greater than the following amounts:

<u>Asset Type</u>	<u>Amount</u>
Land	\$ 1
Equipment	1,000
Buildings	1,000

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Property, buildings and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	10 - 30 years
Equipment	3 - 15 years

Fund Equity

In the fund financial statements, governmental funds report reserved fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes.

COMPARATIVE DATA

Comparative data for the prior year is not included in the Township's financial statements.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on the cash basis for all operating funds of the Township except for the agency fund. Budgetary control is legally maintained at the fund level.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
2. A public hearing is conducted at Township Hall to obtain taxpayer comments.
3. Prior to April 1, the fund budgets are legally enacted through passage of resolutions.
4. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
5. Budgeted amounts are as originally adopted, or as amended by the Township Board.
6. All appropriations lapse at year-end.

The General Fund Budgetary information includes administrative charges by the General Fund to various other funds as revenue of the General Fund. They have been offset against General Fund expenditures in the preparation of the basic financial statements. These charges remain as administrative expenditures/expenses of the various funds charged in the basic financial statements.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Township is required under Public Act 621 to adopt a budget for the General and Special Revenue Funds. The Township did not incur an excess of expenditures over appropriations.

NOTE 3: CASH DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township's deposits and investment policy are in accordance with statutory authority.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 3: CASH DEPOSITS – CONTINUED

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At March 31, 2008, the carrying amount of the Township's deposits for both governmental activities and the fiduciary fund was \$725,839 and the bank balance was \$758,255, of which \$380,821 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. State statutes prohibit security in the form of collateral, surety bonds or another form be taken for the deposit of public funds. The Township may experience significant fluctuations in deposit balances through the year.

Pooling of Cash – The Township pools cash to maximize its investment return.

<u>Fund</u>	<u>Pooled Cash</u>
General	\$ 136,774
Cemetery	356
Transfer station	132,963
Fire protection	39,354
Fire station	1,184
Ambulance	95,748
Liquor law enforcement	<u>9,846</u>
Total pooled cash	416,225
Cash not held in pooled accounts	<u>309,614</u>
Total cash	<u>\$ 725,839</u>

NOTE 4: PROPERTY TAXES

Property taxes are levied on each December 1 on the State taxable valuation of property in the Township as of the preceding December 31. The Township bills and collects its own property taxes and also collects taxes for other governmental units. Collection of other governmental unit's taxes and remittance of them to the units are accounted for in the Agency Fund. Property taxes are recognized as revenue in the year in which they are levied.

The Township is permitted by state law, subject to State Headlee and Trust in Taxation provisions, to levy taxes up to \$1 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The 2007 State taxable valuation of Boyne Valley Township totaled \$148,129,949.

The tax rates for the year ended March 31, 2008 are as follows:

<u>Purpose</u>	<u>Rate/Assessed Valuation</u>
General government service	\$.9487 per \$1,000
Fire operational	1.0000 per \$1,000
Ambulance	1.0000 per \$1,000
Transfer	.7500 per \$1,000

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 5: CAPITAL ASSETS

Capital asset activity of the Township's primary government for the current year was as follows:

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 118,397	\$ -	\$ -	\$ 118,397
Capital assets being depreciated:				
Buildings	276,581	183,622	-	460,203
Equipment	<u>673,400</u>	<u>307,331</u>	<u>(19,797)</u>	<u>960,934</u>
Subtotal	<u>949,981</u>	<u>490,953</u>	<u>(19,797)</u>	<u>1,421,137</u>
Less accumulated depreciation:				
Buildings	114,848	11,250	-	126,098
Equipment	<u>407,357</u>	<u>74,783</u>	<u>16,197</u>	<u>465,943</u>
Subtotal	<u>522,205</u>	<u>86,033</u>	<u>16,197</u>	<u>592,041</u>
Net capital assets being depreciated:	<u>427,776</u>	<u>404,920</u>	<u>(3,600)</u>	<u>829,096</u>
Governmental activities net capital assets	<u>\$ 546,173</u>	<u>\$ 404,920</u>	<u>\$ (3,600)</u>	<u>\$ 947,493</u>

Depreciation expense was unallocated between function in the statement of net assets.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 6: LONG-TERM DEBT

The annual requirements to amortize all debt outstanding, as of March 31, 2008 are as follows:

	Balance April 1, 2007	Additions	Retirements	Balance March 31, 2008	Amount Due Within One Year
Governmental Activities					
2002 Capital Lease payable for a Fire Truck due in annual installments of \$28,187 including interest at a rate of 5.12% per annum through January 2009.	\$ 52,233	\$ -	\$ 25,449	\$ 26,784	\$ 26,784
2005 Capital Lease payable for an Ambulance due in annual installments of \$22,677 including interest at a rate of 4.74% per annum through June 2008.	42,383	-	20,494	21,889	21,889
2006 Capital Lease payable for a Fire Truck due in annual installments of \$29,387 at a rate of 4.63% per annum through April 1, 2017.	225,000	-	-	225,000	12,638
	<u>\$ 319,616</u>	<u>\$ -</u>	<u>\$ 45,943</u>	<u>\$ 273,673</u>	<u>\$ 61,311</u>

The annual requirements to amortize all debt outstanding, as of March 31, 2008 are as follows:

Year Ending March 31,	Principal	Interest
2009	\$ 61,311	\$ 18,940
2010	19,555	9,832
2011	20,460	8,927
2012	21,407	7,980
2013	22,398	6,989
2014-2018	128,542	18,391
Total	<u>\$ 273,673</u>	<u>\$ 71,059</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 7: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Township belongs to the Michigan Township Participating Plan, which currently operates as a common risk management and insurance program for various municipalities throughout the state. The Township pays an annual premium for its general insurance and workman's compensation coverage. The Plan is self-sustaining through member premiums and 100% reinsures through commercial companies.

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
General Fund
Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
Beginning of year fund balance	\$ 220,763	\$ 220,763	\$ 230,872	\$ 10,109
Revenues:				
Taxes	215,935	227,749	203,840	(23,909)
State revenue	62,000	63,416	61,567	(1,849)
Administrative fees	-	37,469	37,469	-
Charges for services	-	1,015	7,015	6,000
Interest	4,500	6,687	6,687	-
Other	302	7,052	1,800	(5,252)
	<u>503,500</u>	<u>564,151</u>	<u>549,250</u>	<u>(14,901)</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
General government:				
Board	4,000	5,000	5,000	-
Supervisor	15,720	15,720	15,023	(697)
Elections	-	269	2,323	2,054
Clerk	24,150	24,150	23,548	(602)
Treasurer	23,000	23,115	23,773	658
Assessor	27,050	26,050	23,673	(2,377)
Board of review	5,950	6,000	3,595	(2,405)
Building and grounds	11,450	9,875	7,431	(2,444)
Other	79,093	103,352	39,131	(64,221)
	<u>190,413</u>	<u>213,531</u>	<u>143,497</u>	<u>(70,034)</u>
Total general government				
Public works:				
Highways and streets	161,677	158,428	79,992	(78,436)
	<u>161,677</u>	<u>158,428</u>	<u>79,992</u>	<u>(78,436)</u>
Community and economic development:				
Planning	3,100	5,600	4,714	(886)
Zoning	13,110	11,260	10,630	(630)
	<u>16,210</u>	<u>16,860</u>	<u>15,344</u>	<u>(1,516)</u>
Total community and economic development				
Capital outlay	127,000	167,332	162,494	(4,838)
	<u>127,000</u>	<u>167,332</u>	<u>162,494</u>	<u>(4,838)</u>
Transfers to other funds	8,000	8,000	-	(8,000)
	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
Total charges to appropriations	<u>503,300</u>	<u>564,151</u>	<u>401,327</u>	<u>(162,824)</u>
Ending budgetary fund balance	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 147,923</u>	<u>\$ 147,923</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Fire Operations Fund
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 76,880	\$ 76,880	\$ 306,051	\$ 229,171
Resources (inflows):				
Taxes	159,253	159,021	146,521	(12,500)
Interest	1,550	1,550	665	(885)
Other	25	6,964	6,964	-
Sale of assets	-	2,400	2,400	-
Loan proceeds	-	229,170	-	(229,170)
Amounts available for appropriation	237,708	475,985	462,601	(13,384)
Charges to appropriations (outflows):				
Wages	43,550	46,050	34,153	(11,897)
Liability insurance	12,000	20,000	19,696	(304)
Equipment maintenance	15,000	16,300	16,284	(16)
Administration	-	13,625	13,625	-
Other current	29,150	30,978	15,156	(15,822)
Contingency	59,821	19,405	-	(19,405)
Capital outlay	50,000	301,440	296,146	(5,294)
Debt service	28,187	28,187	28,187	-
Total charges to appropriations	237,708	475,985	423,247	(52,738)
Ending budgetary fund balance	\$ -	\$ -	\$ 39,354	\$ 39,354

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Cemetery Fund
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
Beginning of year fund balance	\$ 7,291	\$ 7,291	\$ 23,207	\$ 15,916
Resources (inflows):				
Charges for services	-	825	825	-
Interest income	300	300	661	361
Miscellaneous income	40	280	276	(4)
Transfers from other funds	6,000	6,000	-	(6,000)
	<u>13,631</u>	<u>14,696</u>	<u>24,969</u>	<u>10,273</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Wages	5,250	5,580	5,580	-
Other expenditures	8,381	9,116	2,599	(6,517)
	<u>13,631</u>	<u>14,696</u>	<u>8,179</u>	<u>(6,517)</u>
Total charges to appropriations				
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,790</u>	<u>\$ 16,790</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Ambulance Fund
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
Beginning of year fund balance	\$ 110,787	\$ 110,787	\$ 184,698	\$ 73,911
Resources (inflows):				
Taxes	146,904	154,341	146,542	(7,799)
Charges for services	-	42,775	69,849	27,074
Interest income	1,000	2,000	3,988	1,988
Other	-	1,994	1,980	(14)
	<u>258,691</u>	<u>311,897</u>	<u>407,057</u>	<u>95,160</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Wages	28,000	28,499	27,492	(1,007)
Intercept fees	32,750	32,750	18,151	(14,599)
Liability insurance	10,000	10,000	2,335	(7,665)
Administration	-	13,625	13,625	-
Other current	88,682	38,702	24,122	(14,580)
Capital outlay	27,677	16,739	6,441	(10,298)
Debt service	22,677	22,677	22,677	-
	<u>209,786</u>	<u>162,992</u>	<u>114,843</u>	<u>(48,149)</u>
Total charges to appropriations				
Ending budgetary fund balance	<u>\$ 48,905</u>	<u>\$ 148,905</u>	<u>\$ 292,214</u>	<u>\$ 143,309</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Liquor Fund
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 10,814	\$ 10,814	\$ 10,814	\$ -
Resources (inflows):				
State revenue	4,785	4,785	4,517	(268)
Interest income	425	425	297	(128)
Amounts available for appropriation	16,024	16,024	15,628	(396)
Charges to appropriations (outflows):				
Public safety	16,024	16,024	5,782	(10,242)
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,846</u>	<u>\$ 9,846</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Transfer Station Fund
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 81,484	\$ 81,484	\$ 132,890	\$ 51,406
Resources (inflows):				
Taxes	16,327	125,796	109,470	(16,326)
Interest income	1,700	2,835	3,834	999
Miscellaneous income	-	1,400	1,310	(90)
	<u>99,511</u>	<u>211,515</u>	<u>247,504</u>	<u>35,989</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Wages	14,875	15,675	15,591	(84)
Refuse hauling	50,000	50,000	33,231	(16,769)
Administration	-	10,219	10,219	-
Other current	15,050	15,300	3,088	(12,212)
Contingency	9,253	3,988	-	(3,988)
Capital outlay	10,333	10,333	-	(10,333)
	<u>99,511</u>	<u>105,515</u>	<u>62,129</u>	<u>(43,386)</u>
Total charges to appropriations				
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ 106,000</u>	<u>\$ 185,375</u>	<u>\$ 79,375</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Fire Station and Land Fund
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
Beginning of year fund balance	\$ 11,096	\$ 42,501	\$ 52,594	\$ 10,093
Resources (inflows):				
Interest income	<u>1,500</u>	<u>1,500</u>	<u>1,922</u>	<u>422</u>
Amounts available for appropriation	12,596	44,001	54,516	10,515
Charges to appropriations (outflows):				
Public works - capital outlay	<u>51,628</u>	<u>44,001</u>	<u>20,185</u>	<u>(23,816)</u>
Ending budgetary fund balance	<u>\$ (39,032)</u>	<u>\$ -</u>	<u>\$ 34,331</u>	<u>\$ 34,331</u>



August 15, 2008

COMMUNICATION OF MATERIAL WEAKNESS IN INTERNAL CONTROL AND OTHER MATTERS

Township Board
Boyne Valley Township
Charlevoix County, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Boyne Valley Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Boyne Valley Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

The Township does not have the expertise to prepare financial statements in accordance with generally accepted accounting principles. According to newly issued auditing standards this inability to prepare financial statements in accordance with generally accepted accounting principles is an indicator of a significant deficiency and a strong indicator of a material weakness in internal control.

We did note the Township's management does possess the skill necessary to prepare and monitor the annual budget. The accounting system which is designed primarily for budgetary purposes is also used as the source information in preparing the financial statements in accordance with generally accepted accounting principles with some adjustment, format differences and note disclosures.

We have also noted other matters for your consideration:

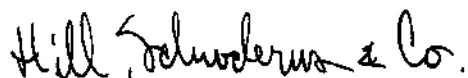
Ambulance Receivables: We support the recent enforcement of your policy to submit past due non-resident ambulance patients to a collections agency with the exception of the homeless and adjustments to those with financial hardship. Enforcement of this policy helps prevent some people from unfairly benefiting at the expense of others.

Ambulance Fund Accounting: The "AccuMed Fund" portion of the fund should not be closed out at the end of December. The accounting should be through March 31st, the same as the other funds to present a full year's results.

Ambulance Fund Balance: The cash balance of this fund was \$292,214 at year end. The annual expenditures of this fund were \$123,018. Consideration should be given to further reducing the millage used to support this fund's operation. We noted that the Township levied only two-thirds of the allowable millage. However, even with this partially reduced millage, the fund balance increase almost \$100,000 this last year.

Kelowna Contracting: We noted that an amount of \$1,014.56 was overpaid to them. This amount should be recovered from them. This was discussed during our fieldwork and we can provide additional details if necessary.

This communication is intended solely for the information and use of management, Township Board, others within the organization, and State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.



HILL, SCHRODERUS & CO.
Certified Public Accounts